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ORIGINAL

**SOUTHWEST GAS CORPORATION**

September 7, 2016


Arizona Corporation Commission
Docket Control
1200 West Washington Street
Phoenix, AZ 85007-2996

Re: Docket No. G-01551A-16-0107

Southwest Gas Corporation respectfully submits the attached opposition and response to Pinal Energy, LLC's motion to intervene in the above referenced docket.

If you have any questions, please do not hesitate to contact me at 602-395-4058.

Respectfully submitted,

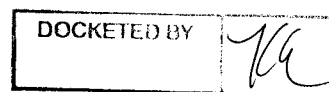

Matthew D. Derr
Regulatory Manager/Arizona

Cc: Service List

Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Doug Little, Chairman

Bob Stump

Bob Burns

Tom Forese

Andy Tobin

In the Matter of the Application of Southwest Gas Corporation for the Establishment of Just and Reasonable Rates and Charges Designed to Realize a Reasonable Rate of Return on the Fair Value of the Properties of Southwest Gas Corporation Devoted to Its Arizona Operations

DOCKET NO. G-01551A-16-0107

**OPPOSITION AND RESPONSE TO PINAL ENERGY, LLC'S
MOTION TO INTERVENE**

Pursuant to Section R14-3-105 of the Arizona Administrative Code (A.A.C.), Rule 7.1 of the Rules of Civil Procedure for the Superior Court of Arizona, and the Procedural Order issued June 27, 2016 in the instant docket, Southwest Gas Corporation (Southwest Gas or Company) hereby submits to the Arizona Corporation Commission (Commission) its Opposition to the Motion to Intervene (Motion), filed by Pinal Energy, LLC (Pinal).

Pinal fails to meet the criteria for intervention required in both Section R14-3-105 of the A.A.C., and the Procedural Order. First, the threshold question for determining whether a third party should be afforded intervention in a proceeding is whether the party will be, "directly and substantially affected". See, R14-3-105(A). The Procedural Order is clear in requiring that all parties seeking intervention demonstrate in their motions that they will be directly and substantially affected by the proceeding. See, Procedural Order at p.3. Yet Pinal's Motion fails to even reference how it will be directly and substantially affected – and in fact, there is not a single issue in this proceeding, or any potential outcome from this proceeding that impacts Pinal at all, much less affects Pinal directly and substantially. The terms and conditions of the service Southwest Gas provides to Pinal are, by Pinal's own admission, dictated by a special contract – not the Company's Arizona Gas Tariff. See, Motion at p.2, ll. 5-7 (**As provided by contract**, Southwest Gas...has since 2007

1 transported customer-owned natural gas...to Pinal Energy's production facility)(emphasis
2 added). Pinal's contract with Southwest Gas was executed in 2007, and has a primary term
3 of twenty (20) years. As such, Pinal's service is governed by a contract that cannot be
4 unilaterally altered by the Commission's ultimate decision in this, or any other, general rate
5 case proceeding - something Pinal implicitly acknowledges by failing to demonstrate in its
6 Motion that it has a direct and substantial interest in this proceeding.

7 Second, Pinal's sole assertion that it believes Southwest Gas, "...is incorrectly
8 accounting for revenues received from Pinal Energy for transportation services," (Motion at
9 p.2, ll. 12-13) is another admission by Pinal that its purported interest in the proceeding is
10 absent. Even assuming that Pinal's assertion is true, the accounting practices at issue still
11 have no impact on Pinal's existing contract for service. The accounting for all of the
12 Company's revenues is addressed through the Company's Class Cost of Service Study
13 (CCOSS), which Staff's consultant and other interested parties will have an opportunity to
14 review in this proceeding. However, the key difference between these interested parties
15 and Pinal, is that Pinal is not assigned a cost through the CCOSS. So irrespective of any
16 findings or adjustments related to the Company's revenues, the contract rate that Pinal pays
17 for service remains unaffected.

18 Third, Pinal's intervention stands to only accomplish one objective, and that is to unduly
19 broaden the scope of this proceeding. See, R14-3-105(B). Pinal and Southwest Gas are
20 presently engaged in litigation the Superior Court of Arizona (Case No. CV2012-050939),
21 stemming from a dispute over the terms and conditions of Pinal's contract with Southwest
22 Gas – litigation that Pinal successfully argued belonged in the Superior Court. In fact, in
23 2012, Pinal filed a customer complaint with the Commission (Docket No.G-01551A-12-
24 0379), making the exact same allegation that it now makes in its Motion. Pinal sought, and
25 received, administrative closure of the customer complaint docket in favor of resolving the
26 matter in court. Pinal's Motion in the instant proceeding is therefore nothing short of an
27 inappropriate attempt to simultaneously litigate its dispute with Southwest Gas in two
28 different venues, and should not be condoned.

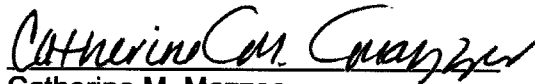
1 It is readily apparent that Pinal will not suffer undue harm as the result of a decision
2 denying its Motion. Indeed, Pinal admits as much by failing to identify how its terms and
3 conditions of service, which are wholly governed by contract, stand to be directly and
4 substantially affected by the Company's general rate case proceeding. Moreover, to the
5 extent Pinal is permitted to litigate its dispute with the Company in multiple settings, given
6 the pending proceeding in Superior Court, it is clear that issues specific to the contractual
7 relationship between Pinal and Southwest Gas can be addressed through a customer
8 complaint docket, which is seemingly the more appropriate forum for this type of dispute.

9 Based on the foregoing, Southwest Gas respectfully requests that Pinal's Motion be
10 denied.

11 Dated this 7th day of September, 2016.

12 Respectfully submitted,

13 SOUTHWEST GAS CORPORATION

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1 An Original and 13 copies of the foregoing
2 were filed this 7th day of September, 2016, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, AZ 85007

7 Copies of the foregoing were hand-delivered or mailed
8 this 7th day of September, 2016, to:

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